

**GOVERNMENT OF INDIA
STATISTICS AND PROGRAMME IMPLEMENTATION
LOK SABHA**

UNSTARRED QUESTION NO:1121

ANSWERED ON:02.03.2016

Consumer Price Index

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Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

- (a) whether the Consumer Price Index (CPI) is widely used as a macro economic indicator of inflation;
- (b) if so, whether the Government has revised the base year of CPI recently and if so, the details thereof and the objective behind this move;
- (c) the details of CPI number of rural, urban and combined;
- (d) the details of the inflation rates, State/UT-wise; and
- (e) the criteria fixed by the Government for collecting price data?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND
MINISTER OF STATE FOR MINISTRY OF EXTERNAL AFFAIRS [GENERAL (Dr.) V.K. SINGH (Retd.)]

(a) : Yes, Madam. The Reserve Bank of India uses Consumer Price Index (Combined) as the key measure of inflation for formulating the Monetary Policy of India. Central Statistics Office, Ministry of Statistics and Programme Implementation also uses this index as proxy indicator for movement in prices of concerned items for converting current price estimates to constant price estimates of National Accounts and vice-versa.

(b) : The Government has revised the Base Year of Consumer Price Index from 2010 to 2012 with effect from the index of January 2015. The objective behind this revision was to consider a more recent period (2012 now in place of 2010 earlier) as the Base Year and to minimize the gap between 'Price Reference Year' or the Base Year and 'Weight Reference Year' (i.e. the year in respect of which the data of consumer expenditure is used to compute weights for aggregating elementary indices to compile higher level indices i.e. sub-group, group and overall indices). Details of the Base Year Revision are available in the publication 'Consumer Price Index: Changes in the Revised Series (Base Year 2012=100)' and in the Report of the 'Group of Technical Advisory Committee on Statistics of Prices and Cost of Living' available on the website of the Ministry (www.mospi.gov.in).

(c) : All India Monthly Consumer Price indices for Rural, Urban and Combined sectors for the period of January 2015 to January 2016 are at Annexure I.

(d) : Year on Year Inflation Rates (i.e. Current month over same month of last year), based on CPI (Combined) for all-India as well as States/Union Territories for the period of January 2015 to January 2016, are at Annexure II.

(e) : The Basket of Items for CPI is prepared by providing relative importance to various items of consumption (in terms of their shares of expenditure in household budget) and consumption pattern of the people across the States/Union Territories. Items have been classified into six groups, 23 sub-groups and various sections. Prices of the finalized basket of items are collected from 1,181 selected village markets covering all districts of the country for rural areas and from 1,114 urban markets of 310 selected towns of urban areas.